

HOUSE BILL 1331
By Wood

AN ACT to amend Tennessee Code Annotated, Title 56, Chapter 12, relative to insurance guaranty associations.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 56-12-107(a)(1)(A), is amended by deleting from the first sentence the language "one hundred thousand dollars (\$100,000)," and by adding the language "two hundred thousand dollars (\$200,000)".

SECTION 2. Tennessee Code Annotated, Section 56-12-110(b), is amended by deleting the introductory language of subsection (b) and subdivision (1) in their entirety and substituting instead the following:

(b) The association shall have the right to recover from the following persons all amounts paid by the association on behalf of such person, whether for indemnity or defense or otherwise:

(1) Any insured whose net worth on December 31 of the year immediately preceding the date the insurer, becomes an insolvent insurer exceeds twenty-five million dollars (\$25,000,000). An insured's net worth on such date is deemed to include the aggregate net worth of the insured and all of its subsidiaries or

person that the insured controls, is controlled by, or is under common control with the insured, either directly or indirectly; and

SECTION 3. Tennessee Code Annotated, Section 56-12-104(7)(B)(iv), is amended by deleting the language "An insured's net worth on such date is deemed to include the aggregate net worth of the insured and all of its subsidiaries as calculated on a consolidated basis; and" and substituting instead the following:

An insured's net worth on such date is deemed to include the aggregate net worth of the insured and all of its subsidiaries or persons that the insured controls, is controlled by, or is under common control with the insured, either directly or indirectly; and

SECTION 4. This act shall take effect upon becoming a law, the public welfare requiring it, and shall apply only to covered claims arising from an insurer that becomes insolvent and is ordered liquidated on or after the date this act takes effect.